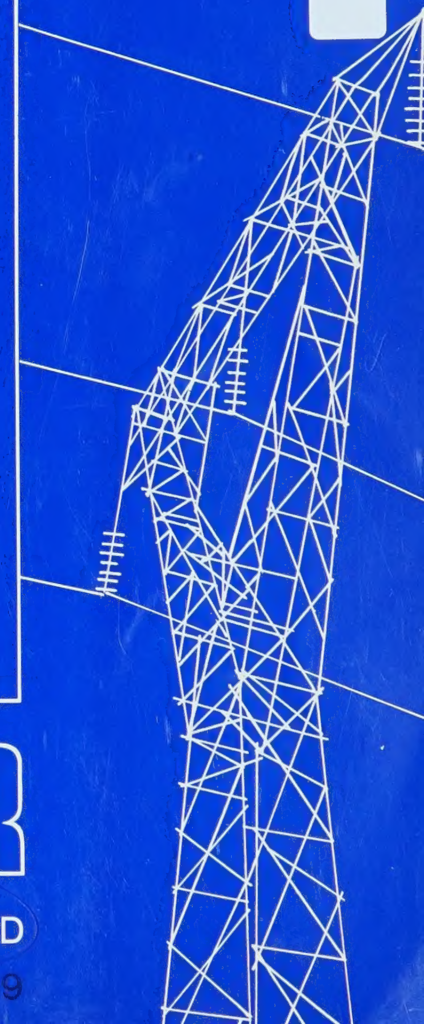
POWER

file



CANADIAN INTERNATIONAL POWER COMPANY LIMITED

ANNUAL REPORT • DECEMBER 31, 1969


ZULIA
FORD

CANADIAN INTERNATIONAL POWER COMPANY LIMITED and Subsidiaries

VENEZUELA

C.A. Energía Eléctrica de Venezuela (Maracaibo)
La Electricidad de Perijá, C.A.
C.A. Energía Eléctrica de Barquisimeto
C.A. Planta Eléctrica de Carora
Empresas Eléctricas Venezolanas, S.A.
Procesamiento Electrónico de Datos, S.A.
Metalúrgica Electro-Industrial, C.A.

BOLIVIA

Compañía Boliviana de Energía Eléctrica, S.A.
— Bolivian Power Company Limited
Empresa de Luz y Fuerza Eléctrica de Oruro

EL SALVADOR

Compañía de Alumbrado Eléctrico de
San Salvador

BARBADOS

The Barbados Light and Power Company Limited

MEXICO

Monterey Railway, Light & Power Company
Compañía Territorial Mexi-Cana, S.A.

CANADA

International Power Company Limited
C I Power Services Limited

Canadian International Power Company Limited
Home Office: 276 St. James Street West,
Montreal 126, Que.

C I Power electric utility companies in VENEZUELA serve the second and third largest cities, Maracaibo and Barquisimeto, as well as the country's major oil, agricultural, beef and dairy regions. Other important interests include: an electronic data processing company, an investment subsidiary with important Caracas real estate interests, and a recently purchased equity in a rapidly expanding industrial hardware manufacturing company. The BOLIVIAN subsidiary supplies electric service to La Paz, the seat of Government, and to the country's tin mining area. The SALVADOR subsidiary distributes electric power in San Salvador, the capital, and 130 other municipalities. The BARBADOS company serves the power needs of this Caribbean island's growth economy. The MEXICAN company is engaged in long-term investments in Mexican industry.

C I POWER

TO THE SHAREHOLDERS:

In 1969 your company again proved its ability to maintain its steady growth pattern, though facing abnormal situations in two of the countries whose people it serves. The effects of the hostilities on the economy of El Salvador and the change of government in Bolivia were more than offset by the accelerated growth of the Venezuela companies and of the Barbados company. At a time when many electric utility systems are concerned about capability of their generating plants, the situation in our properties is good. Total generating capacity as of December 31, 1969 was 635,000 kilowatts compared with peak demand of 404,000 kilowatts.

Consolidated earnings on the common stock for 1969 were $13,217,000 or $4.55 per share, as compared with $12,098,000 or $4.17 per common share for 1968 (as restated).

Operating revenues in 1969, amounted to $48,869,000, an increase of 11.4% over 1968. Kilowatt-hour sales increased from 1,658,190,000 in 1968 to 1,836,530,000 in 1969, or by 10.8%. As of December 31, 1969, the system was serving 406,000 customers, compared with 386,000 in the previous year.

These increases, for the most part, reflect the impressive progress of C I Power's Venezuelan operations, which represent 64.9% of the company's net earnings. To meet and anticipate rising growth needs, particularly in Venezuela, capital expenditures in 1969 were $17,054,000, and a capital budget of $17,098,000 has been approved by your Board of Directors for 1970.

DIVIDEND INCREASE

In November of 1969, the Board of Directors voted the sixth dividend increase in the past five years, raising the annual dividend rate from $1.60 to $1.80 per share on the common stock. (Payable as before in U.S. dollars).

The regular quarterly dividends on the 5.2% preferred shares of C I Power outstanding in 1969 amounted to the equivalent of $313,000 as against $321,000 in 1968. (Payable in Canadian Funds). During 1969 the company purchased 7,008 shares of preferred stock for retirement through the stock purchase requirement at a cost of Can. $106,000.

CANADIAN PROPOSALS FOR TAX REFORM

On November 7, 1969 the Canadian Government issued a "white paper", defining the individual and corporate tax reforms the government is proposing for inclusion in a new Canadian income tax law. These reforms reflect the earlier proposals made in 1967 by a Royal Commission on Taxation. The government proposals indicate that supplementary papers will be issued on international corporations such as yours. Also the proposals must pass through a succession of committees before reaching the floor of the Canadian Parliament, so it is not possible at this time to predict what modifications or changes will be made. Since several of the proposals could affect C I Power operations in Canada, your company, like many leading Canadian corporations, has stated its objections to the government and, through counsel, will further detail these objections in a legal brief. Your Directors are confident that the Canadian Government will recognize the fundamental validity of your company's representations.

U.S. INTEREST EQUALIZATION TAX

As in preceding years, the U.S. Internal Revenue Service has ruled that Canadian International Power is a less developed country corporation for Interest Equalization Tax purposes during the calendar year 1970. Accordingly, no Interest Equalization Tax will be imposed for acquisition of company stock made during 1970 and on or before March 31, 1971.

MANAGEMENT AND OPERATIONAL CHANGES

After 42 years of service to the company, Morley G. Taylor retired in May 1969 as President of Canadian International Power. John Kazakoff, formerly Executive Vice-President and Member of the Executive Committee of the Board of Directors, succeeded Mr. Taylor as President. G. Bruce Fairgrieve was appointed Vice-President—Engineering; H. Robert Mullan, Treasurer and Alan B. Creaghan, Secretary and Legal Counsel. As noted in the Third Quarter Report, your Board of Directors in September 1969 voted to adopt the new corporate insignia, "C I Power". This is being used to give stronger corporate identity to all company communications. The Board also voted to change the name of Hemisphere Management Services Limited to C I Power Services Limited. C I Power Services, wholly owned by C I Power, functions as the corporate management group responsible for supervision, financial planning, engineering and co-ordination of the operating subsidiaries. In addition, it is handling all company purchasing operations, and supplying advisory and other engineering services to the operating companies. These engineering services were formerly supplied by an outside firm. In addition to its operations for its own group, C I Power Services is interested in the opportunity to apply its expertise in the field of industrial power development to outside organizations.

THE TEN YEAR RECORD

Even a brief review of the company's ten year record supplies impressive evidence of C I Power growth. From 1959 to 1969, cash and bank deposit receipts increased more than five-fold and consolidated operating revenue more than doubled. Earnings for the common stock increased 65%. During the same period, total expenditures on new and enlarged facilities reached $103,727,000, solid evidence of the company's confidence in the countries where its subsidiaries operate. Cash dividends paid on both preferred and common stock for the ten year period total $34,236,000. A redemption of preferred shares, replaced by a smaller issue, represented a net disbursement of over $17,604,000.

One of C I Power's strengths is the fact that our four Venezuelan electric utility companies, representing 64.9% of our total net earnings, enjoy the benefits of a "hard currency" country. Over these same ten years, the Bolivar has been the third most stable currency in the world in terms of buying power — with the U.S. in fifth place. Also during this period, Venezuela has witnessed an accelerated rise of a strong middle class with increased purchasing power for electric services.

The close of the Sixties found C I Power extending its Venezuelan operation in diversified fields. The first computer equipped electronic data processing company in Maracaibo, Procesamiento Electrónico de Datos, S.A. (Procedatos), was formed as a wholly-owned subsidiary of C I Power; and the company purchased a 52% interest in Metalúrgica Electro-Industrial, C.A. (MEICA), Caracas manufacturer of line hardware for electric power and telephone companies, as well as other hardware for general industrial use.

C I POWER'S INHERENT GROWTH FACTOR

What we believe is our prime growth factor in all the countries where we operate is our ability to understand the individual needs and aspirations of the people and properly to serve them.

Our management is composed of men long experienced in the Latin-American and Caribbean countries. We make a continuous effort to supply modern service from the power plant to the trouble shooter on the truck. In many cases, such as the extension of the Maracaibo company's operation around the city itself, across Lake Maracaibo and in Colón to the south, we have successfully anticipated area growth needs.

Beyond this we have striven to share our growth with the people of the countries we serve through the local sale of securities of our subsidiaries. We maintain a policy of intensive employee training, of responsiveness to community needs, of all that goes to make a private power company a public service.

The later pages of this report give further evidence of the C I Power growth factor. We are confident it will continue to insure your company's progress.

We greatly appreciate the good work of all our people in the operating companies and in our head office and thank them for their many accomplishments in 1969.

For the Board of Directors,

WM. M. HICKEY,
Chairman

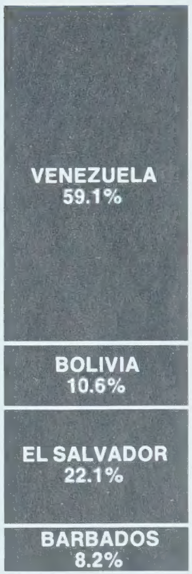
J. KAZAKOFF,
President

March 26, 1970

1969 HIGHLIGHTS

		1969		1968
Consolidated Net Income	$	13,530,000	$	12,419,000*
Preferred Stock Dividends	$	313,000	$	321,000
Earnings per Common Share	$	4.55	$	4.17*
Common Stock Dividends	$	4,792,000	$	4,414,000
Capital and Replacement Expenditures	$	17,054,000	$	14,415,000
Installed and Purchased Generating Capacity (kilowatts)		635,000		563,000
Peak Demand (kilowatts)		404,000		369,000
Electric Sales in kilowatt-hours		1,836,530,000		1,658,190,000
Number of Electricity Customers		406,000		386,000

CONSOLIDATED OPERATING REVENUES 12 MONTHS ENDED DECEMBER 31, 1969 $48,869,000



TEN YEAR RECORD

		1969		1959
Cash and Bank Deposit Receipts	$	20,546,000	$	3,680,000
Preferred Stock Outstanding	$	5,974,000	$	24,277,000
Consolidated Operating Revenue	$	48,869,000	$	22,830,000
Earnings — for Common Stock	$	13,217,000	$	7,969,000
— per share	$	4.55	$	2.79**

*As restated
**Pro-forma adjusted for 5-4 stock split in 1968

All figures in this report are in U.S. dollars unless otherwise noted.

1969 OPERATIONS AND CAPITAL EXPENDITURES REVIEW

THE VENEZUELA COMPANIES

In 1969 sales and earnings of the C I Power operations in dynamic, oil rich Venezuela exceeded the most optimistic estimates. All four electric companies reported impressive sales increases: Maracaibo 14.6%; Barquisimeto 16.8%; Perijá 19.2%; and Carora 12.0%.

This growth was accompanied by continued expansion of facilities, including the opening of a modern service center in Barquisimeto and the addition of two new 15,000 kilowatt gas turbines. Transmission lines and substation systems were greatly extended. Capital expenditures totalled $9,385,000 and a capital expenditure program of $11,152,000 has been approved for 1970.

Fiveca, the Caracas real estate development company, in which C I Power's investment subsidiary, Empresas Eléctricas Venezolanas, is the principal shareholder, reported the best year in its thirteen-year history. Fiveca builds and finances middle class housing, apartments, single family dwellings and also office buildings in Caracas.

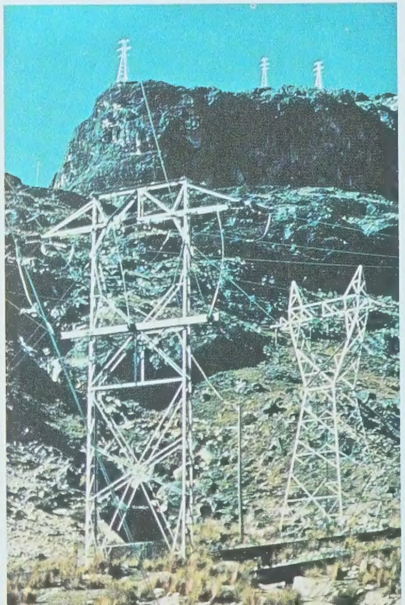
The year saw further diversification of C I Power Venezuelan interests. A new, wholly-owned subsidiary, Procesamiento Electrónico de Datos, S.A., became the first computer equipped electronic data processing company in the city of Maracaibo, serving not only the C I Power subsidiaries but such varied customers as a cement manufacturing company, a hospital and a chain of retail stores. The company purchased a 52% interest in Metalúrgica Electro-Industrial, C.A. (MEICA), a leading supplier of line hardware and allied products to the country's electric power and telephone companies and to contractors.

Progress of the C I Power companies in Venezuela reflects the political and financial stability and the economic thrust of this most prosperous of Latin American nations. Dr. Rafael Caldera, who took office early in 1969, is the third consecutive constitutional President, the fourth in Venezuelan history to reach the Presidency by the free exercise of universal suffrage, and the first to attain that office by the peaceful transfer from an opposing political party.

National finances continued strong. Gross National Product rose approximately 5% over the previous year. Petroleum production was maintained at the same high level as 1968. Both the Government and the oil industry are optimistic that the oil service contracts will be approved by Congress in 1970. Following such approval, exploration for oil will proceed in southern Lake Maracaibo and later in the Gulf of Venezuela, which the companies think may have even greater potential than the Lake itself. Agricultural and industrial development continued at a constantly increasing rate. All of these factors, political, economic and financial, project a highly favourable future for C I Power interests in Venezuela.

THE BOLIVIA COMPANY

The company joined with the Bolivian nation in mourning the sudden and tragic death of its President, General René Barrientos Ortuño, in a helicopter accident. The Bolivian company's relations with the new government of General Alfredo Ovando Candia, which took control in September, have remained the same as with the many previous governments in office during the 44 years Bolivian Power has supplied electric energy to this developing nation. As the Bolivian company had contemplated continuing to invest all its cash flows in the expansion of its electric facilities in Bolivia, a government decree directed at maintaining the value of the currency, has not had a major effect on the company's financial position, which is explained more fully in the notes to the financial statements.




2
MA 288

In 1969 kilowatt-hour sales in the La Paz Division of the company increased 5.1% over the previous year. The newly constructed transmission line to the Mina Matilde Corporation zinc mine on Lake Titicaca is now in operation and is expected to contribute more than $300,000 to the company's dollar revenue in 1970. Government leaders attended the December inauguration of the Harca hydro-electric plant, the seventh such facility installed by the company in the Zongo Valley to turn water power from the high Andes into electric power for La Paz, the nation's seat of government, and the surrounding area.

Though affected to some degree by political change, the Bolivian economy continued to progress. The price of tin, Bolivia's principal export, reached its highest point in five years. Bolivia made its formalized entry into the Andean group of the Latin American Common Market during the year.

THE SALVADOR COMPANY

Earnings of the Salvador company increased substantially, in spite of the brief conflict between El Salvador and Honduras last July. Kilowatt-hour sales increased 6.2% over 1968.

In September 1969, the company became the long-term lessee of a new, four story office building in San Salvador, designed to fit the company's growing needs, and also acquired a new distribution center. The second sub-station for taking power from CEL, the government power authority, is expected to be in operation in mid-1970.

Gross National Product rose approximately 4.5%. The price of coffee, El Salvador's leading export, increased 20%. While the July conflict temporarily disrupted trade in the Central American Common Market, a meeting of the five Central American countries in September resulted in the establishment of a Stabilization Fund and subsequently of a Monetary Council to strengthen the Common Market operation.

THE BARBADOS COMPANY

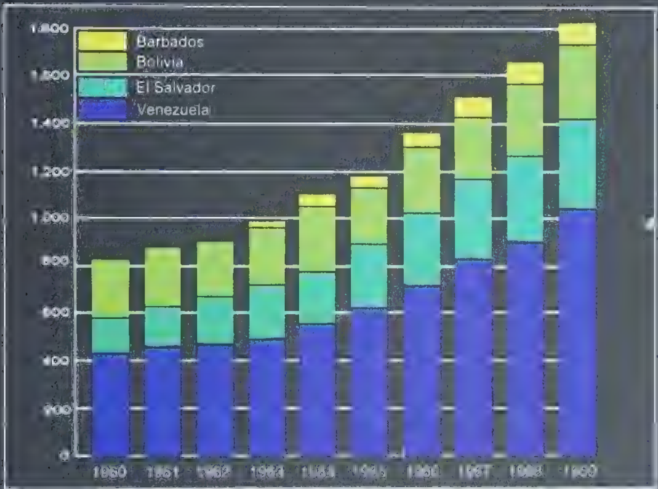
Total sales in 1969 were 18.4% higher than the previous year, exceeding the 100 million kilowatt-hour mark for the first time. Hotel and other commercial customers were the fastest growing source of income with 1969 sales to this market rising 21% over the 1968 total. The number of customers increased 10% over 1968. In 1969 the expanded Spring Garden generating plant went into operation, raising total capability of the system to 39,230 kilowatts, a 29.8% increase over previous capacity.

Tourist arrivals were up 26% in 1968 over 1967 and continued to increase in 1969. Hotel construction has averaged a 50% increase over the past three years. The modern Seawell International Airport is being extended to serve the new 747 type jets and air service to the Scandinavian countries has now been inaugurated. Evidence of the new nation's ability to grow and prosper is the continuous rise in Gross National Product at an average annual rate of 7.8%.

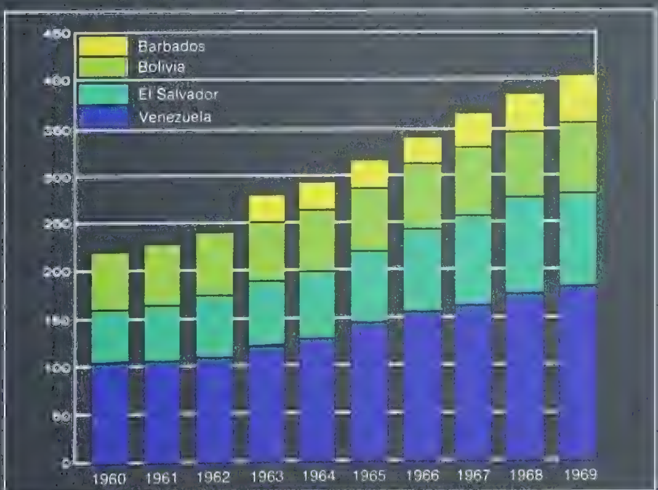
THE MEXICO COMPANY

For the third successive year the Mexico company paid a yearly dividend on the company's cumulative preference stock. All promissory notes, covering the 1962 sale of the company's utility properties, have been paid with interest on the due dates. Since the date of sale of these properties the company has re-invested $4,985,000, an amount considerably higher than required under the terms of the Sale Agreement with the Mexican Government. Funds received were applied against the bank loan required for the 1968 purchase of a 75% interest in Compañía Industrial de Novedades Plásticas y Metálicas, S.A., Mexico's largest toy and game manufacturer, which enjoyed a good fiscal year. Investments in Hotel Ra-Monterrey S.A. de C.V. and Compañía Fundidora de Fierro y Acero de Monterrey, S.A., also reported impressive returns.

SALES AND CONSUMER GROWTH RECORD (CONSOLIDATED COMPANIES) 1960-1969



ENERGY SALES — MILLIONS OF KILOWATT HOURS



ELECTRIC CUSTOMERS, THOUSANDS, AT DECEMBER 31

THE C I POWER STORY: 44 YEARS OF STEADY GROWTH THROUGH UNDERSTANDING SERVICE TO THE PEOPLE OF GROWTH NATIONS

International Power Company, acquired by C I Power in 1956 and now serving as an intermediate holding company, began operating in Latin American countries in 1926. This 44 year period has seen many political changes in the area Yet C I Power and its antecedent company have managed to operate successfully for their shareholders. These shareholders include nationals of the countries served, an important factor in maintaining viable government and community relations. C I Power will continue to encourage equity participation by citizens in the countries we serve. Such relations are further strengthened by experienced, understanding management with the ability to meet and anticipate the needs of growth markets and with an active interest in civic, social and cultural progress.

Venezuela's stable currency: the Bolivar






C I POWER GROWTH MARKETS

C I Power's major market is Venezuela. The development of a constantly expanding middle class with increased purchasing power makes for continuously widened use of electric light and power. Both Maracaibo and Barquisimeto are rapid growth cities whose people constantly move up the economic ladder, becoming able to enjoy the benefits of modern electric appliances, refrigeration, cooking units, air conditioning, laundry equipment and TV. The Venezuela companies encourage them in their quest for comfort and convenience with a variety of marketing activities from electric appliance classes and store demonstrations for housewives to in-store lighting and air conditioning engineering for schools and shopping centers. More and better street lighting, industrial and commercial lighting and air conditioning, even sports stadium flood lighting, make for improved working and living conditions. In the rural areas electric refrigeration and electric powered irrigation add productivity to agriculture, dairy farming and cattle raising.

On a smaller scale, similar market expansion is taking place in the other countries served by C I Power subsidiaries. In Bolivia and El Salvador, new housing, new shopping centers, new schools all add to the use of electric power. Increasing tourist trade in El Salvador and Barbados multiplies tourist housing with resultant increases in power load. As mentioned elsewhere in this report, C I Power, for years, has anticipated growth needs through the continuous development of greater power resources and extended distribution systems. The company can take modest pride in the fact that, at a time when so many electric utility companies are having difficulty supplying sufficient power, C I Power's capabilities are far in excess of the present peak loads.

Such expanding markets offer a promising future for C I Power in these developing nations. Equally important to note is that C I Power will maintain its long established policy of supplying the proper facilities to serve these markets with the electrical power essential to their sound economic progress.

C I POWER PEOPLE: YEARS OF UNDERSTANDING THE PEOPLE THEY SERVE

William M. Hickey *(right),* Chairman of the Board and Chief Executive Officer of C I Power and President of The United Corporation, has long participated in the development of better Inter-American economic and cultural understanding. Mr. Hickey is active in The Spanish Institute, The Council for Latin America, The Pan-American Society, the Americas Foundation, The Council on Foreign Relations, The Venezuelan Chamber of Commerce, the Mexican Chamber of Commerce, the American Institute for Free Labour Development, and the Frank Tannenbaum Inter-American Round Table.

Alejandro J. Lara *(left),* member of the C I Power Board of Directors and President of Fiveca, S.A., Caracas real estate development company, is a lifetime resident of Caracas, long associated with leading Venezuelan banking interests.

Señor Lara is President of Banco Hipotecario Venezolano, Centro Residencial Plaza, C.A., and Central Hipotecaria Sociedad Financiera, and is also a Director of Banco Venezolano de Crédito, Banco de Lara, C.A. La Seguridad, and Fitaca, S.A.

John Kazakoff *(left),* President and member of the Executive Committee of the C I Power Board of Directors, started with the Bolivian company in 1938. His experience includes direct operations of the Bolivian company, as well as varied administration in the other subsidiaries from head office. He is a Director of the Canadian Council, International Chamber of Commerce, and has recently assumed the office of Chairman of The Canadian Association for Latin America.

Alexander E. Wilcox *(center),* Vice-President of C I Power and President of the Venezuela companies, is a long-time resident of that country, having joined the field service of the organization in 1951. A Director of Fiveca, S.A. and Banco Latino Americano de Venezuela, Mr. Wilcox is a leader in the commercial life of the communities the Venezuelan companies serve. Among his interests are the Industrial Chamber of Zulia, the Chamber for the Promotion of the State of Zulia and the Economic Chamber for Planification of Zulia.

Frederic J. Ahern *(right),* Vice-Chairman of C I Power and a member of the Executive Committee, also serves on the Boards of a number of subsidiary companies. Mr. Ahern has long been associated with C I Power and The United Corporation and is a specialist on Latin American finance.

Eric H. Campbell *(left),* Vice-President — Finance, born in Valparaiso, Chile, has been engaged in Latin American financial management since 1926. He has had many years of service in Chile, Bolivia and El Salvador.

David C. Mitchell *(center),* General Manager of the Bolivian company, has served the Company since 1953, first as Manager of the Oruro Division of the Bolivian company, with the Mexican subsidiary and later as General Manager of the El Salvador company.

H. Robert Mullan *(right),* Treasurer of C I Power, has intensive experience in Latin America. Mr. Mullan served for several years as a member of the accounting and financial staff of the Maracaibo company, starting in 1949 following graduation from McGill University. He joined the home office staff in 1961, became an officer of the corporation in 1962, and was appointed to his present position in 1969.

Manuel Cano G., General Manager of the Salvador company and a Salvadorean, represents the C I Power policy of advancing country nationals to positions of importance in the management structure. Educated in France, where he did advanced work in electrical engineering, Señor Cano joined the company in 1936 as a Valuation Assistant and Meter Man. Because of his capabilities and to widen his technical experience, the company encouraged him to accept a scholarship in the United States.

Returning to the Salvador company, he continued to move ahead, becoming Superintendent of Operations and later Industrial Relations Manager. His special talent for communicating with the company's customers made him a natural selection for the post of General Manager.

The Barbados company is fortunate in having prominent members of the island's civic, business and financial communities on its Advisory Board. **The Hon. Stanley Augustus Blanchette** *(extreme left of picture)* is a member of the Barbados Senate, Managing Director of the Barbados Hardware Company, Governing Director of the Commercial Trading Company, Chairman of the Retail Merchants Association and Director of the Employers Confederation, as well as an active participant in various civic and charitable activities.

John H. Nelson *(left),* General Manager of the Barbados company has served with the Barbados company for 15 years. A graduate engineer, Mr. Nelson has had many years experience in the developing nations of the Caribbean as well as in the Near East.

Peter McGregor Patterson *(next right),* a member of the Barbados Chamber of Commerce and President of the Commission Merchants Association, is a Director of his commission merchants' firm as well as a director of a large group of locally owned companies.

The Hon. E. Lisle Ward *(extreme right of picture)* is a member of the Barbados Senate, the Development Board and a Director of several business enterprises.

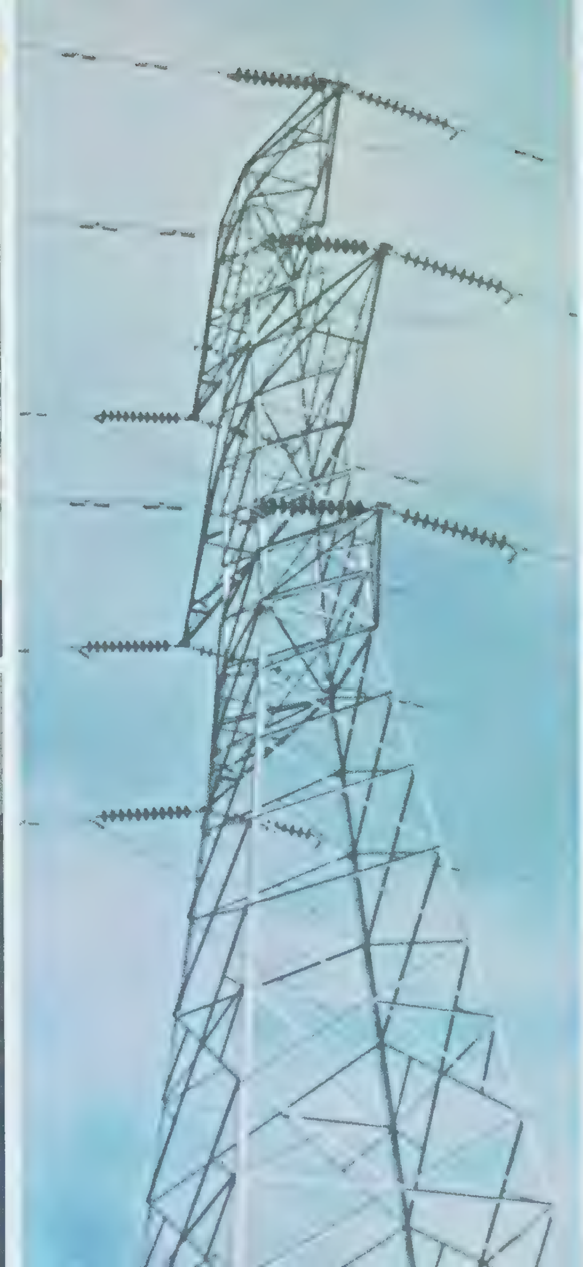
Pictured here are a few examples of how C I Power subsidiaries work to anticipate and meet the needs of their increasing number of customers. The tower (center) is part of the 138 thousand volt transmission circuit, ringing the city of Maracaibo and built back in 1958 in anticipation of the city's growth. The two maps show the expansion of the Maracaibo company's network from 1963 to 1969, including the new extension across Lake Maracaibo where the petro-chemical complex is to be built and the extension south in Colon, where, three years ago, the company anticipated completion of the new highway now opening that area to development.

The appliance demonstration and the company engineering group, planning a store-lighting installation, exemplify the day-in-day-out expansion of company marketing efforts to further consumer power use.

No one picture can illustrate the most impressive of C I Power engineering accomplishments, the Zongo Valley complex of seven power stations which supply electricity to La Paz, Bolivia. Nor can a camera follow the line of towers which cross the high Andes transmitting electric power to the country's tin mines.

ANTICIPATING AND MEETING GROWTH NEEDS

Anticipating and meeting the electric power needs of these developing nations reflect the capabilities of C I Power management; it is also a tribute to the residents of these countries whose work makes these accomplishments possible.



Maracaibo Company
Network 1963

Maracaibo Company
Network 1968

A Venezuelan boy, studying beneath a Maracaibo street light, a group of Barbados school children learning the uses and advantages of electric power, illustrate the promise of C I Power's future. For the youngsters of today will be the customers and the employees and the shareholders of our C I Power companies tomorrow.

The companies' many educational efforts range from the actual operation of school systems in the remote regions of Bolivia to higher education grants for promising high school graduates in the urban communities of Venezuela and Barbados. Nine Venezuelan students with engineering capabilities received company scholarships in 1969. All of the companies maintain close rapport with the secondary schools and universities. Company executives serve on educational committees and boards. Dr. Fernando

TOWARD AN EVEN BRIGHTER TOMORROW

Chumaceiro, a Vice-President of the Maracaibo company, has been granted a two-year leave in order to serve as the President of the new Zulia Development Corporation, to study and finance industrial development in the Maracaibo area. Mr. Jean van Tongelen, General Manager of the Barquisimeto company, was recently awarded one of Venezuela's highest non-military honours, the Francisco de Miranda Medal, for his contributions to community and educational progress.

In-company training methods succeed in maintaining a high standard of modern engineering and customer service. Every effort is made to give the individual employee assurance that he is an important part of the company's success, whatever his position.

As has been previously suggested in this report, the prime strength of C I Power is the ability to understand the individual needs and hopes of the people of these developing nations and successfully serve them.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED

Board of Directors

*Frederick J. Ahern, New York
Vice-President, The United Corporation

E. Ryckman Alexander, Montreal
Vice-Chairman of the Board,
Gaz Métropolitain Inc.

Leo F. Daley, Boston
Senior Vice-President,
Harris, Upham & Co. Incorporated

William R. Eakin, Montreal
President, McLean Kennedy, Limited

*William M. Hickey, New York
President, The United Corporation

Hon. Robert C. Hill, Madrid, Spain
United States Ambassador to Spain

John R. Hughes, Montreal
Vice-President and Director,
Maritime Electric Company, Limited

*John Kazakoff, Montreal
President,
Canadian International Power Company Limited

Frederick Krug, New York
Past President — Director,
Canadian International Power Company Limited

Alejandro J. Lara, Caracas, Venezuela
President, Fiveca, S.A.

*Paul W. Raymer, Asheville, N.C.
Director,
Canadian International Power Company Limited

Richard Joyce Smith, New York
Partner, Whitman, Ransom & Coulson
Attorneys at Law, Trustee, New York,
New Haven and Hartford Railroad Company

Members of the Executive Committee

Officers

William M. Hickey, *Chairman of the Board, Chairman of the Executive Committee*

Frederick J. Ahern, *Vice-Chairman of the Board*

John Kazakoff, *President*

Eric H. Campbell, *Vice-President — Finance*

G. Bruce Fairgrieve, *Vice-President — Engineering*

Alexander E. Wilcox, *Vice-President — Operations* (Venezuela and El Salvador)

H. Robert Mullan, *Treasurer*

Alan B. Creaghan, *Secretary*

Office

276 St. James Street West, Montreal 126, Quebec, Canada

Transfer Agents

Montreal Trust Company
1695 Hollis Street, Halifax, Nova Scotia,
Place Ville Marie, Montréal, Québec,
15 King Street West, Toronto, Ontario,
Notre Dame at Albert Street, Winnipeg, Manitoba,
8th Avenue at 3rd Street, Calgary, Alberta,
466 Howe Street, Vancouver, British Columbia.

First National City Bank,
55 Wall Street, New York, N.Y.

Registrars

Montreal Trust Company

The Chase Manhattan Bank
1 Chase Manhattan Plaza, New York, N.Y.

Executives of C I Power Services Limited

John Kazakoff (1938), *President*
Frederic J. Ahern (1951), *Vice-President*
Eric H. Campbell (1936), *Vice-President*
G. Bruce Fairgrieve (1946), *Vice-President*
H. Robert Mullan (1949), *Treasurer*
Alan B. Creaghan (1965), *Secretary and Legal Counsel*
Henning J. Porsaa (1957), *Assistant Secretary and Chief Accountant*
Arnold H. Gerrish (1946), *Chief Engineer*
Bruce F. Junkin (1947), *Operations Co-ordinator*
H. W. Darryle Armstrong (1952), *Co-ordinator — Rates and Economic Studies*
Franklin P. Krug (1955), *Personnel Co-ordinator*
Victor N. Tomaschuk (1957), *Senior Mechanical Engineer*
P. Declan O'Sullivan (1959), *Assistant to the Chairman—C I Power*
C. D. G. Pearson (1960), *Co-ordinator — Industrial Relations*
Michael F. Howden (1963), *Purchasing Agent*
Allan J. MacDonald (1966), *Senior Electrical Engineer*

Executives of Operating Companies

Barbados: John H. Nelson (1955), *General Manager*
Bolivia: David C. Mitchell (1953), *General Manager*
El Salvador: Manuel Cano G. (1936), *General Manager*
Venezuela: Alexander E. Wilcox (1950), *President, Operating Companies, General Manager, Maracaibo;*
Jean van Tongelen (1964), *General Manager, Barquisimeto*

(Dates indicate year of first employment with associated companies)

Auditors

Arthur Young, Clarkson, Gordon & Co.

C I POWER

Over the years, Canadian International Power has developed a group of experts in electric utility engineering and management, particularly experienced in the needs of Latin America and other overseas countries. As C I Power Services, they are responsible for the supervision, financial planning, engineering and co-ordination of the operating companies and supply them with engineering as well as purchasing services.

Their capabilities range from economics to financing; from rate structuring to material purchasing; from electronic data processing to marketing, and, of course, to the many types of engineering needed for the effective production and distribution of electric power.

C I POWER SERVICES LIMITED

The C I Power engineering staff is headed by G. Bruce Fairgrieve, Vice-President of Canadian International Power, whose 23 years of experience with the company includes long service as a plant and general superintendent in Venezuela. Pictured with him (center) are Arnold H. Gerrish, Chief Engineer (right) and Michael F. Howden, Purchasing Agent (left), both with extensive experience in the overseas utility field.

With its exceptional experience, its multiple capabilities including a recent expansion of the engineering staff, C I Power Services is now prepared to supply services to outside corporations and organizations interested in power expansion, and particularly in the developing nations. The ten-year record of our subsidiaries' growth, as recorded in this report, proves the competence of C I Power Services to supervise power planning, production and marketing.

CANADIAN INTERNATIONAL POWER COMPANY LIMITED FINANCIAL STATEMENTS 1969

The Annual Meeting of Shareholders of
Canadian International Power Company Limited
will be held on May 8, 1970, at 10:30 a.m. (Eastern Daylight Saving Time)
at the office of the corporation
276 St. James Street West, Montreal 126, Quebec, Canada.

Consolidated Balance Sheet as at December 31, 1969

(with comparative figures at December 31, 1968)

(expressed in United States currency)

Assets

	1969	1968
Property, plant and equipment (note 3):		
Production	$ 99,658,998	$ 92,144,263
Transmission and distribution	100,759,844	93,168,891
Other	12,290,551	11,494,266
	212,709,393	196,807,420
Less accumulated depreciation	49,958,707	45,104,267
Net property, plant and equipment	162,750,686	151,703,153
Investments and other assets (note 4)	14,859,684	16,772,442
Current assets:		
Cash	2,582,754	1,167,624
Canadian bank term deposits payable in U.S. dollars	13,898,000	13,780,500
Other term deposits	145,534	680,725
Accounts receivable	9,856,936	9,126,924
Materials and supplies, at cost	4,756,586	4,776,566
Prepaid expenses	412,648	414,203
Total current assets	31,652,458	29,946,542
Deferred charges	404,170	709,082
	$209,666,998	$199,131,219

On behalf of the Board:

Wm. M. Hickey Director

J Kozhoff Director.

See accompanying notes

Liabilities and Shareholders' Equity

	1969	1968
Shareholders' equity:		
Capital stock (note 5):		
Preferred stock	$ 5,973,854	$ 6,104,154
Common stock	17,646,448	17,646,448
	23,620,302	23,750,602
Appraisal increment to property, plant and equipment (note 3)	19,965,783	19,973,472
Retained earnings (note 7)	114,027,614	105,570,506
Total shareholders' equity	157,613,699	149,294,580
Minority interest in subsidiary companies	8,570,907	8,014,853
Long-term debt (note 6)	24,251,786	22,318,512
Current liabilities:		
Bank loans	2,440,750	5,006,729
Accounts payable	3,554,719	3,249,048
Customers' deposits, including interest thereon	1,063,814	952,653
Income taxes payable	4,382,240	3,429,463
Dividends payable	1,644,410	1,240,548
Long-term debt, due within one year	2,148,436	1,730,047
Total current liabilities	15,234,369	15,608,488
Provision for contingencies (note 7)	2,638,817	2,657,334
Customers' contributions for line extensions	1,357,420	1,237,452
	$209,666,998	$199,131,219

See accompanying notes

Consolidated Statement of Income

for the year ended December 31, 1969
(with comparative figures for the year 1968)
(expressed in United States currency)

	1969	1968
Operating revenue	$48,868,667	$44,255,808
Operating revenue deductions:		
Operating and maintenance expenses	22,100,021	19,646,711
Taxes (note 7)		
Income	5,426,862	4,710,252
Other	1,500,945	1,383,406
Provision for depreciation (note 3)	6,040,437	5,477,507
	35,068,265	31,217,876
Operating income	13,800,402	13,037,932
Investment income	2,421,311	2,063,108
Gross income	16,221,713	15,101,040
Income deductions:		
Interest expense — long-term debt	2,004,980	1,920,130
— other	347,011	541,269
Interest charged to construction — credit	(492,310)	(291,195)
Minority interest	832,360	511,554
	2,692,041	2,681,758
Net income	$13,529,672	$12,419,282
Earnings per common share	$4.55	$4.17

See accompanying notes

Consolidated Statement of Retained Earnings

for the year ended December 31, 1969
(with comparative figures for the year 1968)
(expressed in United States currency)

	1969	1968
Balance at beginning of year (including amounts segregated as legal reserves in the accounts of subsidiary companies)		
As previously reported	$106,319,158	$ 98,462,195
Adjustments of prior years' taxes (note 7)	748,652	623,040
As restated	105,570,506	97,839,155
Add:		
Net income	13,529,672	12,419,282
Excess of proceeds over par value received from sale of capital shares of a subsidiary	–	16,995
Discount less expenses on preferred shares purchased	31,703	30,558
	119,131,881	110,305,990
Dividends paid:		
Preferred shares — Can. $1.04 (U.S. $0.97) in 1969 and 1968	312,551	321,298
Common shares — $1.65 in 1969 and $1.52 in 1968	4,791,716	4,414,186
	5,104,267	4,735,484
Balance at end of year (including $5,120,000 in 1969 and $4,571,000 in 1968 segregated as legal reserves in the accounts of subsidiary companies)	$114,027,614	$105,570,506

See accompanying notes

Consolidated Statement of Source and Application of Funds

for the year ended December 31, 1969
(with comparative figures for the year 1968)
(expressed in United States currency)

	1969	1968
Source of funds:		
From operations —		
Net income	$13,529,672	$12,419,282
Provision for depreciation	6,040,437	5,477,507
Interest charged to construction (credit)	(492,310)	(291,195)
Minority interest	832,360	511,554
	19,910,159	18,117,148
Long-term debt — net	1,933,274	2,363,085
Decrease (increase) in investments and other assets and deferred charges — net	2,217,670	(584,547)
Shares of subsidiary companies sold to minority interests	297,929	265,313
Other — net	80,533	(140,761)
	24,439,565	20,020,238
Application of funds:		
Additions to property, plant and equipment	17,053,518	14,415,413
Less proceeds from disposals	457,858	612,393
	16,595,660	13,803,020
Purchase for cancellation of 5.2% preferred shares	98,597	126,101
Dividends paid	5,104,267	4,735,484
Dividends paid by subsidiaries to minority shareholders	561,006	444,412
	22,359,530	19,109,017
Increase in working capital	2,080,035	911,221
Working capital, beginning of year	14,338,054	13,426,833
Working capital, end of year	$16,418,089	$14,338,054

See accompanying notes

Notes to Consolidated Financial Statements
December 31, 1969

1 — Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries, with the following exceptions: (a) Cía. Industrial de Novedades Plásticas y Metálicas S.A. (Novedades Plásticas), in which the Company has a 75% equity interest. Under an agreement, the Company's interest may be acquired by an option exercisable between 1973 and 1975. The Company's equity in the earnings of Novedades Plásticas since June 1968 (the date of acquisition) through December 31, 1969 amounting to $254,000, has not been reflected in the accompanying consolidated financial statements except to the extent of dividends received during 1969 of $63,200; (b) Metalúrgica Electro-Industrial C.A. (MEICA), a Venezuelan company in which a 52% interest was acquired in September 1969. This investment is carried at cost plus equity in earnings since the date of acquisition, based on unaudited financial statements, of $22,700, which is included in investment income.

A summary of assets, liabilities, operating revenue and net income of the companies by location is as follows (in thousands of U.S. dollars):

	Venezuela	Bolivia	El Salvador	Barbados	Mexico	Canada	Total
Property, plant and equipment	$126,278	$46,398	$19,777	$19,924	$ 258	$ 74	$212,709
Less accumulated depreciation	32,849	7,887	4,497	4,609	76	41	49,959
	93,429	38,511	15,280	15,315	182	33	162,750
Investments and other assets and deferred charges	1,958	273	135	7	8,971	3,920	15,264
Current assets	8,608	2,055	2,473	1,181	1,347	15,989	31,653
	103,995	40,839	17,888	16,503	10,500	19,942	209,667
Current liabilities	8,096	1,175	1,806	1,305	1,189	1,663	15,234
Long-term debt	14,571	6,098	137	3,446	—	—	24,252
Provision for contingencies and customers' contributions for line extentions	1,798	310	200	1,357	331	—	3,996
Minority interest	2,940	200	1,816	2,498	1,069	48	8,571
	27,405	7,783	3,959	8,606	2,589	1,711	52,053
NET ASSETS	$ 76,590	$33,056	$13,929	$ 7,897	$7,911	$18,231	$157,614
OPERATING REVENUE	$ 28,687	$ 5,164	$10,794	$ 4,019	$ 205	$ —	$ 48,869
NET INCOME	$ 8,784	$ 2,007	$ 1,041	$ 598	$ 379	$ 721	$ 13,530
PERCENT OF NET INCOME	64.9%	14.8%	7.7%	4.4%	2.8%	5.4%	100%

2 — Translation of foreign currencies

All amounts in currencies other than U.S. dollars have been translated as follows:

Assets and liabilities, except for property, plant and equipment — at the rates of exchange prevailing at the year-end.

Property, plant and equipment —

Venezuela and Barbados — at the rates of exchange prevailing at the dates the appraisal increments were recorded as set out in Note 3. Subsequent additions have been translated at the rates prevailing at acquisition dates.

Bolivia, El Salvador and Mexico — at the rates of exchange prevailing at acquisition dates.

Provisions for depreciation — at the same rates as those used for the translation of the related assets.

Revenue and revenue deductions — at average rates of exchange during the year.

There are no significant restrictions on remittances of earnings from subsidiary companies, except for Bolivia where a law adopted in 1969 requires that dividends declared (net of withholding tax) be deposited in a Bolivian bank with no interest for a minimum period of one year prior to payment. At December 31, 1969 there were dividends of $1,300 on deposit.

3 — Property, plant and equipment and depreciation

Venezuela —

Based on appraisals by Montreal Engineering Company Limited in 1962 and 1965, properties of three Venezuelan subsidiaries were increased by $18,939,000 and the accumulated provision for depreciation by $2,326,000 to state such properties on a basis of reproduction-cost-new less observed depreciation. Subsequent additions to properties are at cost.

Depreciation for the year represents the application to original plant cost of depreciation rates approved by the Venezuelan Income Tax Administration plus the amortization of the appraisal increment, both on a straight-line basis.

When depreciable property is retired, the portion of the carrying value represented by original cost less applicable accumulated depreciation is charged to operating revenue deductions and the portion of the carrying value represented by the appraisal increment is charged to accumulated depreciation.

Barbados —

Based on a valuation in 1965 by International Middle West Service Company of Chicago, properties in 1966 were increased by $5,266,000 and the accumulated provision for depreciation by $743,000 to state such properties on a basis of reproduction-cost-new less observed depreciation. Subsequent additions to properties are at cost.

Depreciation rates are applied to the appraised values on a straight-line basis for financial statement purposes.

When depreciable property is retired, the carrying value is charged to accumulated depreciation.

The resulting increases from the revaluation of the Venezuelan and Barbados properties (less the portion applicable to minority interests) are shown on the balance sheet as "Appraisal increment to property, plant and equipment". In 1969 the appraisal increment to property, plant and equipment was reduced by $7,689 to reflect an increased minority interest principally as a result of the sale of shares of the Barbados subsidiary.

Bolivia and El Salvador —

Properties of these companies are at cost. Depreciation rates are applied to that cost on a straight-line basis.

When depreciable property is retired, the net book value is charged to accumulated depreciation.

Management is of the opinion that the provisions for depreciation for all subsidiaries are adequate on a service life basis. The percentage relationship between the annual provisions for depreciation and the average book value of depreciable property was 3.0% for 1969 and 2.9% for 1968.

4 — Investments and other assets

		1969	1968
Investments and notes receivable — at cost:			
Government of Mexico — 6½ % promissory notes due semi-annually to January 15, 1977	5,084,703		
Less amounts due within one year	512,280	$ 4,572,423	$ 5,122,512
Fiveca, S.A., Caracas, Venezuela, Shares — 21.6% of share capital		1,193,333	1,073,333
Cía. Industrial de Novedades Plâsticas y Metâlicas, S.A., Mexico (see note 1):			
Shares	2,475,350		
9% notes due in annual instalments of $200,000 from 1971 to 1973	600,000	3,075,350	3,275,350
Metalúrgica Electro-Industrial C.A. (MEICA) (see note 1)		362,756	—
Other investments		1,418,617	1,227,501
		10,622,479	10,698,696
Other assets:			
Canadian bank term deposits payable in U.S. dollars		3,920,000	5,920,000
Long-term accounts receivable less allowance for doubtful accounts of $100,000		317,205	153,746
		$14,859,684	$16,772,442

Canadian bank term deposits aggregating $3,920,000 at December 31, 1969 have been provided as collateral for the Venezuela 10% notes (see note 6).

Long-term accounts receivable include amounts due from the Bolivian Government aggregating $322,245 expected to be collected subsequent to 1970 (see note 7).

5 — Capital stock

Preferred stock —

Preferred shares of the par value of Can. $20 each, issuable in series, of which 350,000 shares are designated as 5.2% cumulative redeemable preferred shares, 1965 series —

	1969	1968
Authorized shares	1,970,700	1,977,708
Issued shares	320,700	327,708
Par value	$5,973,854	$6,104,154

The Company is required to set aside out of the profits each year an amount of not less than Can. $70,000 (U.S. $65,300) for the purchase of preferred shares. During the year 7,008 shares, having an aggregate par value of Can. $140,160 (U.S. $130,300), were purchased and cancelled.

The 1965 series are redeemable at the option of the Company at a premium of 3% to December 31, 1971 and 2% thereafter.

Common stock —

Common shares of no par value —

	1969	1968
Authorized shares	3,125,000	3,125,000
Issued shares	2,904,070	2,904,070
Stated value	$17,646,448	$17,646,448

Under a Stock Option Plan for officers and key employees of the Company and its subsidiaries approved in 1968, a maximum of 125,000 shares (including 50,000 shares approved in 1969), are reserved for issue at a price which cannot be less than 100% of fair market value at date of grant.

During the year, options were granted as to 9,500 shares bearing an aggregate option price of $301,245; no options were exercised or cancelled. At December 31, 1969, options were outstanding and exercisable on 75,125 shares (including 41,875 shares granted to directors and officers) having an aggregate option price of $1,857,133 leaving 49,875 shares available for future grants. Details of common shares under option at December 31, 1969 are as follows:

Number of shares	Option price per share	Expiry date of option
17,500	Can. $25.20 (U.S. $23.50)	February 8, 1973
43,125	Can. $25.20 (U.S. $23.50)	February 8, 1978
5,000	Can. $28.13 (U.S. $26.24)	May 8, 1978
9,500	Can. $34.00 (U.S. $31.71)	May 9, 1979

6 — Long-term debt

Venezuela —	1969	1968
10% bonds due in instalments from 1971 to 1978*	$ 7,777,778	$ 7,777,778
10% (8% — 1968) notes due in annual instalments to 1980 (note 4)	3,920,000	5,920,000
7% bank loan payable in Swiss Francs, due in semi-annual instalments to 1976	1,520,625	798,222
6% and 7½ % equipment notes due in semi-annual instalments to 1976	1,432,245	1,706,525
6% notes due in annual instalments from 1971 to 1978	1,307,015	—
Other	141,263	—
	16,098,926	16,202,525

Bolivia —		
5½% loan from International Development Association through the Bolivian Government, due in annual instalments to 1989*	4,656,010	4,786,758
6½% loan up to Can. $2,500,000 from Export Development Corporation due in semi-annual instalments from 1971 to 1983 — Can. $1,307,184	1,215,450	—
5¾% equipment notes payable in Swiss Francs, due in semi-annual instalments to 1974	473,194	—
	6,344,654	4,786,758
El Salvador —		
7% and 8% notes due to 1972*	239,576	334,495
6% equipment notes due in annual instalments to 1970	22,939	45,878
	262,515	380,373
Barbados —		
Bank loan due in instalments from 1972 to 1976 at the Barbados prime interest rate which at December 31, 1969 was 8½% (8% — 1968)*	2,001,200	1,988,000
5½% equipment notes payable in pounds sterling, due in semi-annual instalments to 1976	1,082,224	—
6¼% equipment notes due in semi-annual instalments to 1977	610,703	690,903
	3,694,127	2,678,903
	26,400,222	24,048,559
Less amounts due within one year included in current liabilities	2,148,436	1,730,047
	$24,251,786	$22,318,512

*Repayable in the currency of the country.

The aggregate amounts of long-term debt maturing annually after December 31, 1970 are as follows:

Year	Amount
1971	$ 2,123,000
1972	3,255,000
1973	3,170,000
1974	3,099,000
Subsequently	12,605,000
	$24,252,000

7 — Taxes

All of the countries in which the subsidiaries operate, except Barbados, impose withholding taxes upon cash dividends paid to the Company. It is the policy of the Company to charge withholding taxes to income in the year cash dividends are paid. Since it is the intention of the subsidiaries to reinvest a substantial portion of their earnings in new capital assets, no provision has been made for withholding taxes which may be payable if and when undistributed earnings of subsidiaries are paid to the Company as cash dividends.

Subsidiary companies in Venezuela have received assessments aggregating $1,379,385 from the Income Tax Administration in connection with the computation of the investment credits in 1966 and prior years. Early in 1969, the Supreme Court of Venezuela rendered decisions against taxpayers in two similar cases. The Company is not in agreement with these decisions but made provision in 1968 for these assessments with interest thereon aggregating $1,797,962, which amount is included in the "Provision for contingencies" in the accompanying consolidated balance sheet.

Late in 1969, the Government of Bolivia and the principal Bolivian subsidiary entered into a final agreement which established the Government's claims for taxes for 1969 and prior years at an amount of $814,095 (of which $105,151 relates to 1969) and the subsidiary's receivables from the Government for power supply and other matters at an amount of $1,012,874. The subsidiary made a cash payment of $198,527 for taxes and the remainder of the tax claims of $615,568 was offset against the receivable from the Government, leaving an amount of $397,306 due from the Government (see note 4). This receivable is to be recovered over a number of years by the retention of part of the service tax to be collected from customers on behalf of the Government. Management was and is of the opinion that these tax claims are contrary to the law, however, as there was no further practical appeal, retained earnings at December 31,1968 have been restated by $748,652 to reflect the amount of the claims plus other items amounting to $39,708 relating to 1968 and prior years. Of that amount $125,612 ($0.04 per share) is applicable to1968 and has been reflected as an increase in Taxes for that year; the balance (applicable to years prior to 1968) being charged to retained earnings at January 1, 1968.

Income taxes have been reduced by $1,630,000 in 1969 ($1,330,000 in 1968) as a result of credits permitted under income tax laws for investments in property, plant and equipment, principally in Venezuela.

8 — Remuneration of directors and senior officers

The aggregate remuneration of seventeen directors and senior officers of the Company totalled $313,000 (1968 — seventeen directors and senior officers — $281,000).

9 — Other matters

Employees' service and severance indemnities required under the laws of Venezuela and Bolivia are charged to income when paid. The maximum liability in the unexpected event of complete separation of all employees aggregated approximately $3,440,000 at December 31, 1969 ($3,280,000 at December 31, 1968) which if paid would give rise to tax credits of approximately $1,250,000 ($1,150,000 in 1968).

Effective August 1967, a pension plan, incorporating past service benefits, was established for the employees in El Salvador. Under the terms of the plan, contributions by the employees and the Company to the fund are to be used for the payment of pensions or severance indemnities, at the option of the employee. An actuarial valuation of the plan indicated a deficiency with respect to past service benefits of approximately $480,000 at December 31, 1967. The Company's contributions include an amount that will be sufficient to amortize the deficiency over a period of not more than thirty years.

An actuarial valuation of the employees' pension plan of the management services subsidiary in Canada indicates a deficiency with respect to past services of approximately $186,000 at December 31, 1969, which is being funded and charged to operations over a period not exceeding twenty-one years.

Auditors' Report

To the Shareholders of

Canadian International Power Company Limited:

We have examined the consolidated balance sheet of Canadian International Power Company Limited and subsidiary companies as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Canadian International Power Company Limited and those subsidiary companies of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of other public accountants with respect to their examination of the financial statements of the remaining subsidiaries, whose assets and operating revenues represent sixteen percent and thirty percent of the respective consolidated totals.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Young, Clarkson, Gordon & Co.

Montreal, Canada,
February 27, 1970.

Chartered Accountants

Operating Companies Data

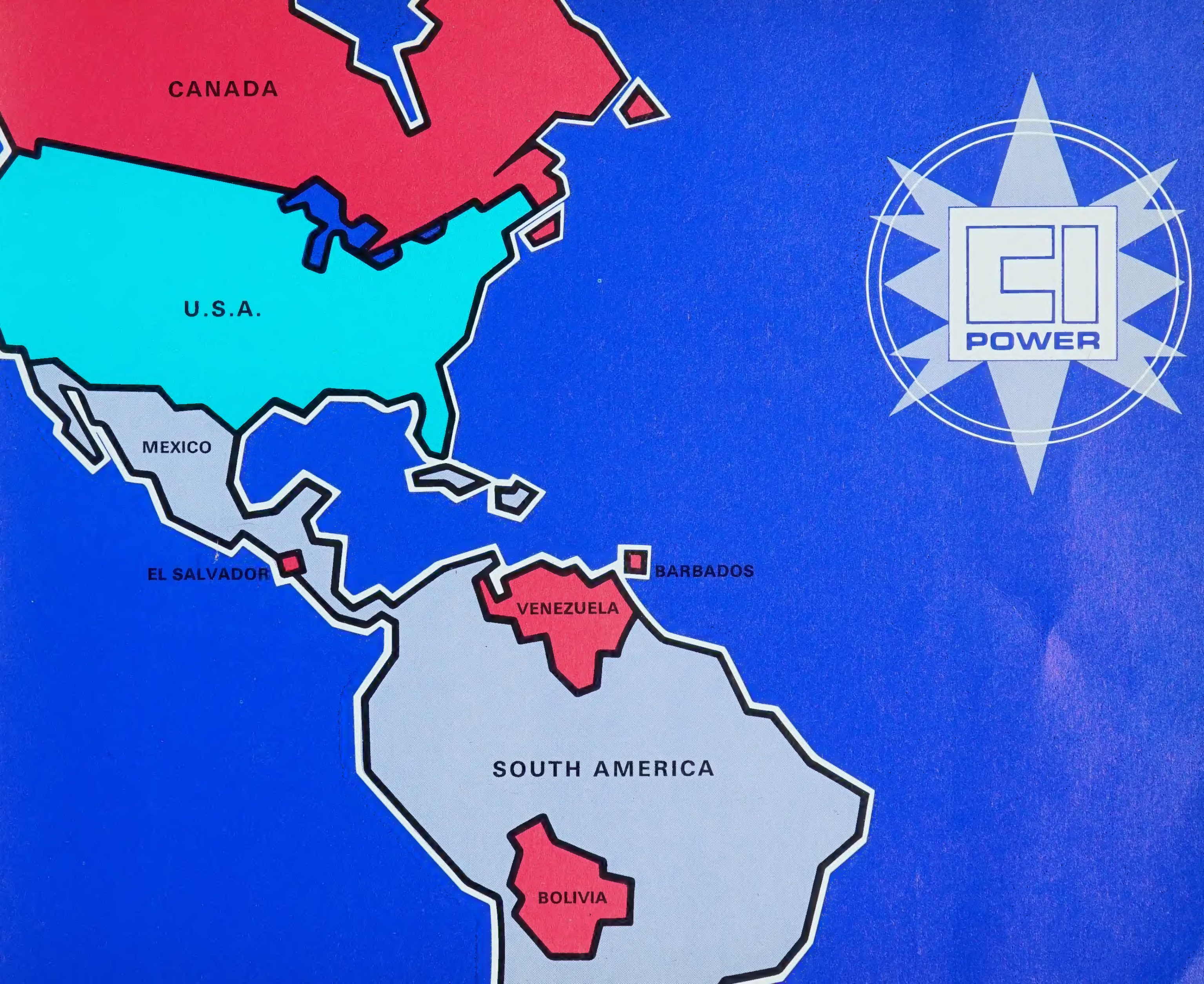
Operating Statistics	1960	1961	1962
Generating Capacity at December 31 (Installed Kilowatts):			
Hydro	66,250	66,250	66,250
Diesel	23,235	23,235	29,115
Steam	169,500	169,500	169,500
Gas Turbine	20,000	20,000	20,000
	278,985	278,985	284,865
Purchased Kilowatts (under contracts)	35,613	39,442	44,875
	314,598	318,427	329,740
Kilowatt-hours sold (thousands)	808,456	855,066	899,910
Operating Employees at December 31	1,556	1,456	1,367
Number of Electric Customers served at December 31	217,082	228,153	238,524

Financial Statistics (000's)	1960	1961	1962
Operating Revenue	$ 25,689	$ 25,730	$ 23,404
Operating Expenses and Taxes	13,921	13,953	13,124
Operating Income before Depreciation	11,768	11,777	10,280
Provision for Depreciation and Renewals	2,388	2,546	2,207
Capital and Replacement Expenditures for Property, Plant and Equipment	7,780	5,070	4,337
Fixed Capital Account – Property, Plant and Equipment at December 31	93,297	94,737	116,220

Note: 1960-1962 Combination of U.S. and Can. Dollars
1963-1969 U.S. Dollars and consolidation of Monterey and Oruro Subsidiary Companies.

1963	1964	1965	1966	1967	1968	1969
66,250	66,250	66,250	92,735	92,735	92,735	117,035
43,682	49,200	58,903	58,307	72,561	75,805	83,755
174,500	174,500	174,500	240,500	240,500	240,500	240,100
20,000	20,000	33,200	47,600	61,350	76,350	106,550
304,432	309,950	332,853	439,142	467,146	485,390	547,440
48,346	52,785	62,490	66,725	73,889	78,027	87,843
352,778	362,735	395,343	505,867	541,035	563,417	635,283
988,928	1,085,382	1,177,509	1,361,225	1,503,931	1,658,190	1,836,530
1,770	1,828	1,940	1,995	2,065	2,151	2,167
281,198	294,484	317,580	342,628	363,990	386,200	406,062
$ 25,363	$ 28,167	$ 31,358	$ 36,535	$ 40,492	$ 44,256	$ 48,869
15,383	16,773	18,916	21,601	23,478	25,740	29,028
9,980	11,394	12,442	14,934	17,014	18,516	19,841
2,209	2,816	3,673	4,178	4,872	5,478	6,040
3,300	5,857	14,678	16,829	15,460	14,415	17,054
126,923	132,679	148,233	168,811	183,019	196,807	212,709

Canadian International Power Company Limited
shares of common stock
are listed on the
American Stock Exchange in New York;
shares of both preferred and common stock in
the company
are listed on the Montreal Stock Exchange.


CANADA
U.S.A.
MEXICO
EL SALVADOR
BARBADOS
VENEZUELA
SOUTH AMERICA
BOLIVIA
CI
POWER

REDDY KILOWATT—THE LITTLE MAN WHO IS GROWING BIGGER IN FOUR GROWTH COUNTRIES